

TRADE AND RELATED MATTERS

*Agreement, with protocol and annexes, signed at Manila July 4, 1946;
exchange of notes at Manila October 22, 1946*

Proclaimed by the President of the United States December 17, 1946

Proclaimed by the Philippines January 1, 1947

Entered into force January 2, 1947

*Supplementary proclamation by the President of the United States
January 8, 1947*

*Revised January 1, 1956, by agreement of September 6, 1955*¹

61 Stat. 2611; Treaties and Other
International Acts Series 1588

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE AND RELATED MATTERS DURING A TRANSITIONAL PERIOD FOLLOWING THE INSTITUTION OF PHILIPPINE INDEPENDENCE

The President of the United States of America and the President of the Philippines, recalling the close economic ties between the people of the United States and the people of the Philippines during many years of intimate political relations, mindful of the great physical destruction and social disturbances suffered by the Philippines as a result of their valiant support of the cause of the United Nations in the war against Japan, and desiring to enter into an agreement accepting on the part of each country the provisions of Title II and Title III (except Part 1) of the Philippine Trade Act of 1946² of the United States of America, have agreed to the following articles:

ARTICLE I³

1. During the period from the date of the entry into force of this Agreement to July 3, 1954, both dates inclusive, United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol to this Agreement entered, or withdrawn from warehouse, in the Philippines for consumption,

¹ 6 UST 2981; TIAS 3348.

² 60 Stat. 143 and 148.

³ Free-trade period provided for by art. I extended by agreement of July 7, 1954 (5 UST 1629; TIAS 3039).

and Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol entered, or withdrawn from warehouse, in the United States for consumption, shall be admitted into the Philippines and the United States, respectively, free of ordinary customs duty.

2. The ordinary customs duty to be collected on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol, which during the following portions of the period from July 4, 1954, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, and on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, other than those specified in Items D to G, both inclusive, of the Schedule to Article II, which during such portions of such period are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined by applying the following percentages of the Philippine duty as defined in Subparagraph (h) of Paragraph 1 of the Protocol, and of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol, respectively:

(a) During the period from July 4, 1954, to December 31, 1954, both dates inclusive, five *per centum*.

(b) During the calendar year 1955, ten *per centum*.

(c) During each calendar year after the calendar year 1955 until and including the calendar year 1972, a percentage equal to the percentage for the preceding calendar year increased by five *per centum* of the Philippine duty and the United States duty, respectively, as so defined.

(d) During the period from January 1, 1973, to July 3, 1974, both dates inclusive, one hundred *per centum*.

3. Customs duties on United States articles, and on Philippine articles, other than ordinary customs duties, shall be determined without regard to the provisions of Paragraphs 1 and 2 of this Article, but shall be subject to the provisions of Paragraph 4 of this Article.

4. With respect to United States articles imported into the Philippines, and with respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles. As used in this Paragraph the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes or ordinary customs duties.

5. With respect to products of the United States which do not come

within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country. As used in this Paragraph the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes.

6. With respect to products of the Philippines, which do not come within the definition of Philippine articles, imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba). As used in this Paragraph the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes.

ARTICLE II

1. During the period from January 1, 1946 to December 31, 1973, both dates inclusive, the total amount of the articles falling within one of the classes specified in Items A and A-1, and C to G, both inclusive, of the Schedule to this Article which are Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption shall not exceed the amounts specified in such Schedule as to each class of articles. During the period from January 1, 1946, to December 31, 1973, both dates inclusive, the total amount of the articles falling within the class specified in Item B of the Schedule to this Article which are the product of the Philippines, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified in such Schedule as to such class of articles. During the period from January 1, 1974, to July 3, 1974, both dates inclusive, the total amounts referred to in the preceding sentences of this Paragraph shall not exceed one-half of the amount specified in such Schedule with respect to each class of articles, respectively.

2. Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol falling within one of the classes specified in Items D and G, both inclusive, of the Schedule to this Article, which during the following portions of the period from January 1, 1946, to December 31, 1973, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in quantities determined

by applying the following percentages of the amounts specified in such Schedule as to each such class of articles:

(a) During each of the calendar years 1946 to 1954, one hundred *per centum*.

(b) During the calendar year 1955, ninety-five *per centum*.

(c) During each calendar year after the calendar year 1955 until and including the calendar year 1973, a percentage equal to the percentage for the preceding calendar year decreased by five *per centum* of such specified amounts.

Any such Philippine article so entered or withdrawn from warehouse in excess of the duty-free quota provided in this Paragraph shall be subject to one hundred *per centum* of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol.

3. Each of the quotas provided for in Paragraphs 1 and 2 of this Article for articles falling within one of the classes specified in Items A-1 and B, and D to G, each inclusive, of the Schedule to this Article shall be allocated annually by the Philippines to the manufacturers in the Philippines in the calendar year 1940 of products of a class for which such quota is established, and whose products of such class were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of the amount of the products of such class produced by each such manufacturer (or in the case of such successor in interest, the amount of the products of such class produced by his predecessor in interest) which was exported to the United States during the following period: (a) In the case of Items A-1 and D to G, each inclusive, the calendar year 1940, and (b) in the case of Item B, the twelve months immediately preceding the inauguration of the Commonwealth of the Philippines. The quota provided for in Paragraph 1 of this Article for unrefined sugar specified in Item A⁴ of such Schedule, including that required to manufacture the refined sugar specified in Item A-1⁴ of the Schedule, shall be allotted annually by the Philippines⁴ to the sugar-producing mills and plantation owners in the Philippines in the calendar year 1940 whose sugars were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of their average annual production (or in the case of such a successor in interest, the average annual production of his predecessor in interest) for the calendar years 1931, 1932, and 1933, and the amount of sugars which may be so exported shall be allocated in each year between each mill and the plantation owners on the basis of the proportion of sugars to which each mill and the plantation owners are respectively entitled, in accordance with any milling agreements between them, or any extension, modification, or renewal thereof.

4. The holder of any allotment under law existing on April 29, 1946, including his successor in interest, and the holder of any allotment under any

⁴ For corrections, see exchange of notes, p. 29.

of the quotas which are provided for in Paragraphs 1 and 2 of this Article the allocation of which is provided for in Paragraph 3 of this Article, may transfer or assign all or any amount of such allotment on such terms as may be agreeable to the parties in interest. If, after the first nine months of any calendar year, the holder of any allotment, for that year, under any of the quotas referred to in the preceding sentence, is or will be unable for any reason to export to the United States all of his allotment, in time to fulfill the quota for that year, that amount of such allotment which it is established by sufficient evidence cannot be so exported during the remainder of the calendar year may be apportioned by the Philippine Government to other holders of allotments under the same quota, or in such other manner as will insure the fulfillment of the quota for that year: *Provided*, That no transfer or assignment or reallocation under the provisions of this Paragraph shall diminish the allotment to which the holder may be entitled in any subsequent calendar year.

The following Schedule to Article II shall constitute an integral part thereof: ⁵

Numerical Item	II Commodity Description	III All Quantities
A	Sugars.	952,000 short tons
A-1	May be refined sugars, meaning "direct-consumption sugar" as defined in Section 101 of the Sugar Act of 1937 of the United States which is set forth in part as Annex I to this Agreement.	Not to exceed 56,000 short tons
B	Cordage, including yarns, twines (including binding twines described in Paragraph 1622 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex II to this Agreement), cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of Manila (abaca) or other hard fiber.	6,000,000 lbs.
C	Rice, including rice meal, flour, polish, and bran.	1,040,000 lbs.
D	Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers).	200,000,000 cigars
E	Scrap tobacco, and stemmed and unstemmed filler tobacco described in Paragraph 602 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex III to this Agreement.	6,500,000 lbs.
F	Coconut oil.	200,000 long tons
G	Bottoms of pearl or shell.	850,000 gross

ARTICLE III

1. With respect to quotas on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol (other than the quotas provided

⁵ For corrections to schedule to art. II, see exchange of notes, p. 29.

for in Paragraphs 1 and 2 of Article II, and other than quotas established in conjunction with quantitative limitations, applicable to products of all foreign countries, on imports of like articles), the United States will not establish any such quota for any period before January 1, 1948, and for any part of the period from January 1, 1948, to July 3, 1974, both dates inclusive, it will establish such a quota only if—

(a) The President of the United States, after investigation, finds and proclaims that such Philippine articles are coming, or are likely to come, into substantial competition with like articles the product of the United States;⁶

(b) The quota for any Philippine article as so defined for any twelve-month period is not less than the amount determined by the President as the total amount of Philippine articles of such class which (during the twelve months ended on the last day of the month preceding the month in which occurred the date proclaimed by the President as the date of the beginning of the investigation) was entered, or withdrawn from warehouse, in the United States for consumption; or, if the quota is established for any period other than a twelve-month period, is not less than a proportionate amount.

Any quota established pursuant to this Paragraph shall not continue in effect after the President, following investigation, finds and proclaims that the conditions which gave rise to the establishment of such quota no longer exist.

2. If the President of the United States finds that the allocation of any quota established pursuant to Paragraph 1 of this Article is necessary to make the application of the quota just and reasonable between the United States and the Philippines, he shall, in such proclamation or a subsequent proclamation, provide the basis for such allocation, and if he exercises such right, the Philippines will promptly put and keep in effect, on the basis proclaimed by the President of the United States, the allocation of such quota.⁶

ARTICLE IV

1. With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in part from such articles, no internal tax shall be—

(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the Philippines, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

⁶ For correction, see exchange of notes, p. 29.

Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the Philippines, or (2) with respect to materials used in the production of a like article which is the product of the Philippines, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the United States is not in excess of that permitted by Paragraph 1 (b) of Article IV such collection and payment shall not be regarded as in violation of the first sentence of this Paragraph.

2. With respect to articles which are products of the Philippines coming into the United States, or with respect to articles manufactured in the United States wholly or in part from such articles, no internal tax shall be—

(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the United States, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the United States, or (2) with respect to materials used in the production of a like article which is the product of the United States, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the Philippines is not in excess of that permitted by Paragraph 2 (b) of Article IV such collection and payment shall not be regarded as in violation of the first sentence of this Paragraph. This Paragraph shall not apply to the taxes imposed under Sections ⁷ 2306, 2327, or 2356 of the Internal Revenue Code of the United States which are set forth in part as Annexes IV, V, and VI to this Agreement.

3. No export tax shall be imposed or collected by the United States on articles exported to the Philippines, or by the Philippines on articles exported to the United States.

4. No processing tax or other internal tax shall be imposed or collected in the United States or in the Philippines with respect to articles coming into such country for the official use of the Government of the Philippines or of the United States, respectively, or any department or agency thereof.

5. No processing tax or other internal tax shall be imposed or collected

⁷ For correction, see exchange of notes, p. 30.

in the United States with respect to Manila (abaca) fiber not dressed or manufactured in any manner.

6. The United States will not reduce the preference of two cents per pound provided in Section 2470 of the Internal Revenue Code of the United States (relating to processing taxes on coconut oil, etc.), which is set forth as Annex VII to this Agreement, with respect to articles "wholly the production of the Philippine Islands" or articles "produced wholly from materials the growth or production of the Philippine Islands"; except that it may suspend the provisions of Subsection (a)(2) of such Section during any period as to which the President of the United States, after consultation with the President of the Philippines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States.

ARTICLE V

The value of Philippine currency in relation to the United States dollar shall not be changed, the convertibility of Philippine pesos into the United States dollars⁸ shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States except by agreement with the President of the United States.

ARTICLE VI

1. Any citizen of the United States who actually resided in the Philippines, and any citizen of the Philippines who actually resided in the United States, for a continuous period of three years during the period of forty-two months ending November 30, 1941, if entering the country of such former residence during the period from July 4, 1946, to July 3, 1951, both dates inclusive, for the purpose of resuming residence therein, shall for the purposes of the immigration laws, be considered a non-quota immigrant. After such admission as a non-quota immigrant he shall, for the purposes of the immigration and naturalization laws, be considered as lawfully admitted to such country for permanent residence. The benefits of this Paragraph shall also apply to the wife of any such citizen of the United States, if she is also a citizen thereof, and to his unmarried children under eighteen years of age, and to the wife of any such citizen of the Philippines, if she is also a citizen thereof or is eligible for United States citizenship, and to his unmarried children under eighteen years of age, if such wife or children of such citizen of the United States or of such citizen of the Philippines are accompanying or following to join him during such period. This Paragraph shall not apply to a citizen of the Philippines admitted to the Territory of Hawaii, without an immigration or passport visa, under the provisions of Paragraph (1) of

⁸ For correction, see exchange of notes, p. 30.

Section 8 (a) of the Act of March 24, 1934, of the United States which is set forth as Annex VIII to this agreement.

2. There shall be permitted to enter the Philippines, without regard to any numerical limitations under the laws of the Philippines, in each of the calendar years 1946 to 1951, both inclusive, 1,200 citizens of the United States, each of whom shall be entitled to remain in the Philippines for 5 years.

ARTICLE VII

1. The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United States citizens, except that (for the period prior to the amendment of the Constitution of the Philippines referred to in Paragraph 2 of this Article) the Philippines shall not be required to comply with such part of the foregoing provisions of this sentence as are in conflict with such Constitution.

2. The Government of the Philippines will promptly take such steps as are necessary to secure the amendment of the Constitution of the Philippines so as to permit the taking effect as laws of the Philippines of such part of the provisions of Paragraph 1 of this Article as is in conflict with such Constitution before such amendment.⁹

ARTICLE VIII

1. Upon the taking effect of this Agreement the provisions thereof placing obligations on the United States: (a) if in effect as laws of the United States at the time this Agreement takes effect, shall continue in effect as laws of the

⁹ By a note of May 16, 1947, the Acting Secretary of Foreign Affairs of the Republic of the Philippines informed the American Chargé d'Affaires ad interim at Manila of the adoption of a constitutional amendment, effective Apr. 9, 1947, which provides:

"Notwithstanding the provisions of section one, Article Thirteen, and section eight, Article Fourteen, of the foregoing Constitution, during the effectivity of the Executive Agreement entered into by the President of the Philippines with the President of the United States on the fourth of July, nineteen hundred and forty-six, pursuant to the provisions of Commonwealth Act Numbered Seven hundred and thirty-three, but in no case to extend beyond the third of July, nineteen hundred and seventy-four, the disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of the United States in the same manner as to, and under the same conditions imposed upon, citizens of the Philippines or corporations or associations owned or controlled by citizens of the Philippines."

United States during the effectiveness of the Agreement; or (b) if not so in effect at the time the Agreement takes effect, shall take effect and continue in effect ¹⁰ as laws of the United States during the effectiveness of the Agreement. The Philippines will continue in effect as laws of the Philippines, during the effectiveness of this Agreement, the provisions thereof placing obligations on the Philippines, except as is otherwise provided in Paragraph 1 of Article VII.

2. The United States and the Philippines will promptly enact, and shall keep in effect during the effectiveness of this Agreement, such legislation as may be necessary to supplement the laws of the United States and the Philippines, respectively, referred to in Paragraph 1 of this Article, and to implement the provisions of such laws and the provisions of this Agreement placing obligations on the United States and the Philippines, respectively. Moreover, the Philippines will promptly enact, and keep in force and effect during the effectiveness of this Agreement, such legislation as may be necessary to put and keep in effect during the effectiveness of this Agreement, the allocation, reallocation, transfer, and assignment of quotas on the basis provided for in Paragraphs 3 and 4 of Article II; and, if the United States exercises the right to establish quotas pursuant to Paragraph 1 of Article III and to provide for the allocation thereof pursuant to Paragraph 2 of the same Article, the Philippines will promptly enact, and keep in force during the period for which each such quota is established, such legislation as is necessary to put and keep in effect, on the basis provided by the United States, the allocation of such quotas.

3. The Philippines agree to assist the United States in carrying out Title I of the Philippine Rehabilitation Act of 1946 of the United States by providing that the following acts relative to such Title shall be offenses under the laws of the Philippines, and that, upon conviction thereof, the penalties attached to such offenses shall be enforced:

(a) Whoever, in the Philippines or elsewhere, makes any statement or representation knowing it to be false, or whoever willfully and fraudulently overvalues loss of or damage to property for the purpose of obtaining for himself or for any claimant any compensation pursuant to such Title, or for the purpose of influencing in any way the action of the Philippine War Damage Commission of the United States with respect to any claim for compensation pursuant to such Title, or for the purpose of obtaining money, property, or anything of value under such Title, shall be punished by a fine of not more than the equivalent, in the currency of the Philippines, of five thousand dollars, United States currency, or by imprisonment for not more than two years, or both, and shall not receive any payments or other benefits under such Title and, if any payment or benefit shall have been made or

¹⁰ For correction, see exchange of notes, p. 30.

granted, such Commission shall take such action as may be necessary to recover the same.

(b) Whoever, in the Philippines or elsewhere, pays or offers to pay, or promises to pay, or receives, on account of services rendered or to be rendered in connection with any claim for compensation under such Title, any remuneration in excess of five *per centum* of the compensation paid by the Philippine War Damage Commission of the United States on account of such claim, shall be deemed guilty of a misdemeanor and shall be fined not more than the equivalent, in the currency of the Philippines, of five thousand dollars, United States currency, or imprisonment for not more than twelve months, or both, and, if any such payment or benefit shall have been made or granted, such Commission shall take such action as may be necessary to recover the same, and, in addition thereto, any such claimant shall forfeit all rights under such Title.

ARTICLE IX

The United States and the Philippines agree to consult with each other with respect to any questions as to the interpretation or the application of this Agreement, concerning which either Government may make representations to the other.

ARTICLE X

1. The Philippine Trade Act of 1946 of the United States having authorized the President of the United States to enter into this Agreement, and the Congress of the United States having enacted such legislation as may be necessary to make the provisions thereof placing obligations on the United States take effect as laws of the United States, this Agreement shall not take effect unless and until the Congress of the Philippines accepts it by law and has enacted such legislation as may be necessary to make all provisions hereof placing obligations on the Philippines take effect as laws of the Philippines, except as is otherwise provided in Paragraph 1 of Article VII. This Agreement shall then be proclaimed by the President of the United States and by the President of the Philippines, and shall enter into force on the day following the date of such proclamations, or, if they are issued on different dates, on the day following the later in date.

2. This Agreement shall have no effect after July 3, 1974. It may be terminated by either the United States or the Philippines at any time, upon not less than five years' written notice. If the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in this Agreement, then the Agreement may be terminated upon not less than six months' notice.¹¹

¹¹ For correction, see exchange of notes, p. 30.

3. If the President of the United States determines that a reasonable time for the making of the amendment to the Constitution of the Philippines referred to in Paragraph 2 of Article VII has elapsed, but that such amendment has not been made, he shall so proclaim and this Agreement shall have no effect after the date of such proclamation.

4. If the President of the United States determines and proclaims, after consultation with the President of the Philippines, that the Philippines or any of its political subdivisions or the Philippine Government is in any manner discriminating against citizens of the United States or any form of United States business enterprise, then the President of the United States shall have the right to suspend the effectiveness of the whole or any portion of this Agreement. If the President of the United States subsequently determines and proclaims, after consultation with the President of the Philippines, that the discrimination which was the basis for such suspension (*a*) has ceased, such suspension shall end; or (*b*) has not ceased after the lapse of a time determined by the President of the United States to be reasonable, then the President of the United States shall have the right to terminate this Agreement upon not less than six months' written notice.

In witness whereof the President of the Philippines and the Plenipotentiary of the President of the United States have signed this Agreement and have affixed hereunto their seals.

Done in duplicate in the English language at Manila, this 4th day of July, one thousand nine hundred and forty-six.

For the President of the United States of America

PAUL V. McNUTT [SEAL]

President of the Philippines

MANUEL ROXAS [SEAL]

PROTOCOL TO ACCOMPANY THE AGREEMENT BETWEEN THE UNITED STATES
OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE
AND RELATED MATTERS DURING A TRANSITIONAL PERIOD FOLLOWING
THE INSTITUTION OF PHILIPPINE INDEPENDENCE

The undersigned duly empowered Plenipotentiaries have agreed to the following Protocol to this Agreement between the United States of America and the Republic of the Philippines concerning trade and related matters during a transitional period following the institution of Philippine Independence, signed this day, which shall constitute an integral part of the Agreement:

1. For the purpose of the Agreement—

(a) The term "person" includes partnerships, corporations, and associations.

(b) The term "United States" means the United States of America and, when used in a geographical sense, means the States, the District of Columbia, the Territories of Alaska and Hawaii, and Puerto Rico.

(c) The term "Philippines" means the Republic of the Philippines and, when used in a geographical sense, means the territories of the Republic of the Philippines, whether a particular act in question took place, or a particular situation in question existed, within such territories before or after the institution of the Republic of the Philippines. As used herein the territories of the Republic of the Philippines comprise all of the territories specified in Section 1 of Article I of the Constitution of the Philippines which is set forth as Annex XI to this Agreement.

(d) The term "ordinary customs duty" means a customs duty based on the article as such (whether or not such duty is also based in any manner on the use, value, or method of production of the article, or on the amount of like articles imported, or on any other factor); but does not include—

(1) A customs duty based on an act or omission of any person with respect to the importation of the article, or of the country from which the article is exported, or from which it comes; or

(2) A countervailing duty imposed to offset a subsidy, bounty, or grant; or

(3) An anti-dumping duty imposed to offset the selling of merchandise for exportation at a price less than the prevailing price in the country of export; or

(4) Any tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws; or

(5) The tax imposed by Section 2491 (c) of the Internal Revenue Code of the United States, which is set forth as Annex IX to this Agreement, with respect to an article, merchandise, or combination, ten *per centum* or more of the quantity by weight or which consists of,¹² or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in Section 2470 of such Code which is set forth as Annex VII to this Agreement; or the tax imposed by Section 3500 of such Code which is set forth as Annex X to this Agreement.

(e) The term "United States article" means an article which is the product of the United States, unless, in the case of an article produced with the use of materials imported into the United States from any foreign country (except the Philippines) the aggregate value of such imported materials at

¹² For correction, see exchange of notes, p. 30.

the time of importation into the United States was more than twenty *per centum* of the value of the article imported into the Philippines, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the Philippines in effect at the time of importation of such article. As used in this Subparagraph the term "value", when used in reference to a material imported into the United States, includes the value of the material ascertained under the customs laws of the United States in effect at the time of importation into the United States, and, if not included in such value, the cost of bringing the material to the United States, but does not include the cost of landing it at the port of importation, or customs duties collected in the United States. For the purposes of this Subparagraph any imported material, used in the production of an article in the United States, shall be considered as having been used in the production of an article subsequently produced in the United States, which is the product of a chain of production in the United States in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

(f) The term "Philippine article" means an article which is the product of the Philippines, unless, in the case of an article produced with the use of materials imported into the Philippines from any foreign country (except the United States) the aggregate value of such imported materials at the time of importation into the Philippines was more than twenty *per centum* of the value of the article imported into the United States, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the United States in effect at the time of importation of such article. As used in this Subparagraph the term "value", when used in reference to a material imported into the Philippines, includes the value of the material ascertained under the customs laws of the Philippines in effect at the time of importation into the Philippines, and, if not included in such value, the cost of bringing the material to the Philippines, but does not include the cost of landing it at the port of importation, or customs duties collected in the Philippines. For the purposes of this Subparagraph any imported material, used in the production of an article in the Philippines, shall be considered as having been used in the production of an article subsequently produced in the Philippines, which is the product of a chain of production in the Philippines in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

(g) The term "United States duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the United States for consumption, of the Philippine article) would be applicable to a like article if imported from that foreign country

which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

(*h*) The term "Philippine duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the Philippines for consumption, of the United States article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

(*i*) The term "internal tax" includes an internal fee, charge, or exaction, and includes—

(1) The tax imposed by Section 2491 (*c*) of the Internal Revenue Code of the United States which is set forth as Annex IX to this Agreement, with respect to an article, merchandise, or combination, ten *per centum* or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in Section 2470 of such Code which is set forth as Annex VII to this Agreement; and the tax imposed by Section 3500 of such Code which is set forth as Annex X to this Agreement; and

(2) Any other tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws.

2. For the purposes of Subparagraphs (*g*) and (*h*) of Paragraph 1 of this Protocol—

(*a*) If an article is entitled to be imported from a foreign country free of ordinary customs duty, that country shall be considered as the country entitled to the lowest rate of ordinary customs duty with respect to such article; and

(*b*) A reduction in ordinary customs duty granted any country, by law, treaty, trade agreement, or otherwise, with respect to any article, shall be converted into the equivalent reduction in the rate of ordinary customs duty otherwise applicable to such article.

3. For the purposes of Paragraphs 1 and 2 of Article IV, any material, used in the production of an article, shall be considered as having been used in the production of an article subsequently produced, which is the product of a chain of production in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

4. The terms "include" and "including" when used in a definition contained in this Agreement shall not be deemed to exclude other things otherwise within the meaning of the term defined.

In witness whereof the President of the Philippines and the Plenipotentiary of the President of the United States have signed this Protocol and have affixed hereunto their seals.

Done in duplicate in the English language at Manila, this 4th day of July, one thousand nine hundred forty-six.

For the President of the United States of America

PAUL V. McNUTT [SEAL]

President of the Philippines

MANUEL ROXAS [SEAL]

ANNEXES OF STATUTORY PROVISIONS REFERRED TO IN THE AGREEMENT
BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE
PHILIPPINES CONCERNING TRADE AND RELATED MATTERS DURING A
TRANSITIONAL PERIOD FOLLOWING THE INSTITUTION OF PHILIPPINE
INDEPENDENCE

ANNEX I

Sugar Act of 1937 of the United States, as amended to May 1, 1946.

SECTION 101. For the purposes of this Act, except Title IV—

“(e) The term ‘direct-consumption sugar’ means any sugars which are principally of crystalline structure and which are not to be further refined or otherwise improved in quality.” (50 Stat.) Pt. 1 (903, Ch. 898)

ANNEX II

Tariff Act of 1930 of the United States, as amended to May 1, 1946.

“PAR. 1622. All binding twine manufactured from New Zealand hemp, henequen, Manila,¹⁸ istle or Tampico fibre, sisalgrass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding seven hundred and fifty feet to the pound”. (46 Stat.) Pt. 1 (675, Ch. 497)

ANNEX III

Tariff Act of 1930 of the United States, as amended to May 1, 1946.

“PAR. 602. The term ‘wrapper tobacco’ as used in this title means that quality of leaf tobacco which has the requisite color, texture, and burn, and is of sufficient size for cigar wrappers, and the term ‘filler tobacco’ means all other leaf tobacco” (46 Stat.) Pt. 1 (631, Ch. 497)

ANNEX IV

Internal Revenue Code of the United States, as amended to May 1, 1946.

¹⁸ For correction, see exchange of notes, p. 30.

“Chapter 16—Oleomargarine, adulterated butter, and process or renovated butter.

“SEC. 2300. Oleomargarine defined.

“For the purpose of this chapter, and of sections 3200 and 3201, certain manufactured substances, certain extracts, and certain mixtures and compounds, including such mixtures and compounds with butter, shall be known and designated as ‘oleomargarine,’ namely: All substances known prior to August 2, 1886, as oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all mixtures and compounds of oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all lard extracts and tallow extracts; and all mixtures and compounds of tallow, beef fat, suet, lard, lard oil, fish oil or fish fat, vegetable oil, annatto, and other coloring matter, intestinal fat, and offal fat;—if (1) made in imitation or semblance of butter, or (2) calculated or intended to be sold as butter or for butter, or (3) churned, emulsified or mixed in cream, milk, water or other liquid, and containing moisture in excess of one *per centum* or common salt. This section shall not apply to puff-pastry shortening not churned or emulsified in milk,¹³ or cream, and having a melting point of one hundred and eighteen degrees Fahrenheit or more, nor to any of the following containing condiments and spices: salad dressings, mayonnaise dressings or mayonnaise products nor to liquid emulsion, pharmaceutical preparations, oil meals, liquid preservatives, illuminating oils, cleansing compounds, or flavoring compounds. (53 Stat.) 247 and 248.”

ANNEX V

Internal Revenue Code of the United States, as amended to May 1, 1946.

“SEC. 2306. Importation.

“All oleomargarine imported from foreign countries shall, in addition to any import duty imposed on the same, pay an internal revenue tax of fifteen cents per pound, such tax to be represented by coupon stamps as in the case of oleomargarine manufactured in the United States . . .”

“SEC. 2320. Definitions.

“(a) *Butter*. For the purpose of this chapter and sections 3206 and 3207, the word ‘butter’ shall be understood to mean the food product usually known as butter, and which is made exclusively from milk or cream, or both, with or without common salt and with or without additional coloring matter.

“(b) *Adulterated butter*. ‘Adulterated butter’ is defined to mean a grade of butter produced by mixing, reworking, rechurning in milk or cream, refining, or in any way producing a uniform, purified, or improved product from different lots or parcels of melted or unmelted butter or butter fat, in which any acid, alkali, chemical, or any substance whatever is introduced or used for

the purpose with the effect of ¹⁴ deodorizing or removing therefrom rancidity, or any butter or butter fat with which there is mixed any substance foreign to butter as defined in subsection (a), with intent or effect of cheapening in cost the product, or any butter in the manufacture or manipulation of which any process or material is used with intent or effect of causing the absorption of abnormal quantities of water, milk, or cream. 53 Stat. 252 and 253.”

“SEC. 2327. Other laws applicable.

“(a) *Oleomargarine*. The provisions of sections 2301(c)(2), 2305 to 2311, inclusive (except subsections (a), (b) and (h) of section 2308), and section 3791(a)(1), shall apply to the manufacturers of adulterated butter to an extent necessary to enforce the marking, branding, identification, and regulation of the exportation and importation of adulterated butter. 53 Stat. 255.” (53 Stat.) Pt. 1 (247, 250, 252, 253, and 255, Ch. 2)

ANNEX VI

Internal Revenue Code of the United States, as amended to May 1, 1946.

“SEC. 2350. Definitions.

“For the purpose of this chapter and sections 3210 and 3211—

“(a) *Cheese*. The word ‘cheese’ shall be understood to mean the food product known as cheese, and which is made from milk or cream and without the addition of butter, or any animal, vegetable, or other oils or fats foreign to such milk or cream, with or without additional coloring matter.

“(b) *Filled cheese*. Certain substances and compounds shall be known and designated as ‘filled cheese,’ namely: all substances made of milk or skimmed milk, with the admixture of butter, animal oils or fats, vegetable or any other oils, or compounds foreign to such milk, and made in imitation or semblance of cheese. Substances and compounds, consisting principally of cheese with added edible oils, which are not sold as cheese or as substitutes for cheese but are primarily useful for imparting a natural cheese flavor to other foods shall not be considered ‘filled cheese’ within the meaning of this chapter. 53 Stat. 256.”

“SEC. 2356. Importation.

“All filled cheese as defined in section 2350 (b) imported from foreign countries shall, in addition to any import duty imposed on the same, pay an internal revenue tax of 8 cents per pound, such tax to be represented by coupon stamps; and such imported filled cheese and the packages containing the same shall be stamped, marked, and branded, as in the case of filled cheese manufactured in the United States. 53 Stat. 258.” (53 Stat.) Pt. 1 (256 and 258, Ch. 2)

¹⁴ For correction, see exchange of notes, p. 30.

ANNEX VII

Internal Revenue Code of the United States, as amended to May 1, 1946.

"SEC. 2470. Tax.

"(a) Rate.

"(1) *In general.* There shall be imposed upon the first domestic processing of coconut oil, palm oil, palm-kernel oil, fatty acids derived from any of the foregoing oils, salts of any of the foregoing (whether or not such oils, fatty acids, or salts have been refined, sulphonated, sulphated, hydrogenated, or otherwise processed), or any combination or mixture containing a substantial quantity of any one or more of such oils, fatty acids, or salts, a tax of three cents per pound to be paid by the processor.

"(2) *Additional rate on coconut oil.* There shall be imposed (in addition to the tax imposed by the preceding paragraph) a tax of two cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing, except that the tax imposed by this sentence shall not apply when it is established, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, that such coconut oil (whether or not contained in such a combination or mixture), (A) is wholly the production of the Philippine Islands or any possession of the United States, or (B) was produced wholly from materials the growth or production of the Philippine Islands or any possession of the United States, or (C) was brought into the United States on or before June 9, 1934, or produced from materials brought into the United States on or before June 9, 1934, or (D) was purchased under a bona fide contract entered into prior to April 26, 1934, or produced from materials purchased under a bona fide contract entered into prior to April 26, 1934. The tax imposed by this paragraph shall not apply to any domestic processing after July 3, 1974.

"(b) *Exemption.* The tax under subsection (a) shall not apply (1) with respect to any fatty acid or salt resulting from a previous first domestic processing taxed under this section or upon which an import tax has been paid under Chapter 22, or (2) with respect to any combination or mixture by reason of its containing an oil, fatty acid, or salt with respect to which there has been a previous first domestic processing or upon which an import tax has been paid under Chapter 22.

"(c) *Importation prior to August 21, 1936.* Notwithstanding the provisions of subsections (a) and (b) of this section, the first domestic processing of sunflower oil or sesame oil (or any combination or mixture containing a substantial quantity of sunflower oil or sesame oil), if such oil or such combination or mixture or such oil contained therein was imported prior to

August 21, 1936, shall be taxed in accordance with the provisions of section 602½ of the Revenue Act of 1934, 48 Stat. 763, in force on June 22, 1936. 53 Stat. 264." (53 Stat.) Pt. 1 (264 and 265, Ch. 2; Pub. Law 371—79th Cong.)

An Act of the United States to suspend in part the processing tax on coconut oil, as amended to May 1, 1946.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2470 (a) (2) of the Internal Revenue Code is hereby suspended: *Provided,* That if the President after receipt by him of a request from the Government of the Commonwealth of the Philippine Islands that the suspension of section 2470 (a) (2) be terminated, shall find that adequate supplies of copra, coconut oil, or both, the product of the Philippine Islands, are readily available for processing in the United States, he shall so proclaim; and thirty days after such proclamation, the suspension of section 2470 (a) (2) of the Internal Revenue Code, shall terminate.

"SEC. 2. This Act shall become effective the day following its enactment, and shall terminate on May 30, 1946." ¹⁵ (56 Stat.) Pt. 1 (752 and 753, Ch. 560) ; (58 Stat.) Pt. 1 (647, Ch. 332)

ANNEX VIII

Act of March 24, 1934 of the United States, as amended to May 1, 1946.

"SEC. 8. (a) Effective upon the acceptance of this Act by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 17—

"(1) For the purposes of the Immigration Act of 1917, the Immigration Act of 1924 (except section 13 (c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of fifty. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii. 48 Stat. 462." (48 Stat.) Pt. 1 (462, Ch. 84)

ANNEX IX

Internal Revenue Code of the United States, as amended to May 1, 1946.

¹⁵ For correction, see exchange of notes, p. 30.

“SEC. 2490. Imposition of Tax.

“In addition to any other tax or duty imposed by law, there shall be imposed upon the following articles imported into the United States, unless treaty provisions of the United States otherwise provide, a tax at the rates set forth in section 2491, to be paid by the importer. 53 Stat. 267.”

“SEC. 2491. Rate of Tax.

“(c) Any article, merchandise, or combination (except oils specified in section 2470), 10 *per centum* or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the products specified above in this paragraph or of the oils, fatty acids, or salts specified in section 2470, a tax at the rate or rates per pound equal to that proportion of the rate or rates prescribed in this paragraph or such section 2470 in respect of such product or products which the quantity by weight of the imported article, merchandise, or combination, consisting of or derived from such product or products, bears to the total weight of the imported article, merchandise, or combination; but there shall not be taxable under this subparagraph any article, merchandise, or combination (other than an oil, fat, or grease, and other than products resulting from processing seeds without full commercial extraction of the oil content), by reason of the presence therein of an oil, fat, or grease which is a natural component of such article, merchandise, or combination and has never had a separate existence as an oil, fat, or grease. 53 Stat. 267 and 268.” (53 Stat.) Pt. 1 (267 and 268, Ch. 2)

ANNEX X

Internal Revenue Code of the United States, as amended to May 1, 1946.

“CHAPTER 32. Sugar.

“SEC. 3500. Rate of Tax.

“In addition to any other tax or duty imposed by law, there shall be imposed, under such regulations as the Commissioner of Customs shall prescribe, with the approval of the Secretary, a tax upon articles imported or brought into the United States as follows:

“(1) On all manufactured sugar testing by the polariscope ninety-two sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

“(2) On all manufactured sugar testing by the polariscope less than ninety-two sugar degrees 0.5144 cent per pound of the total sugars therein;

“(3) On all articles composed in chief value of manufactured sugar 0.5144 cent per pound of the total sugars therein. 53 Stat. 428.”

"SEC. 3507. Definitions.

"(b) *Manufactured sugar*. The term 'manufactured sugar' means any sugar derived from sugar beets or sugar cane,¹⁶ which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added) equal to more than 6 *per centum* of the total soluble solids, and except also sirup of cane juice produced from sugar cane grown in continental United States.

"The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

"(c) *Total sugars*. The term 'total sugars' means the total amount of the sucrose (Clerget) and of the reducing or invert sugars. The total sugars contained in any grade or type of manufactured sugar shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition). 53 Stat. 428 and 429." (53 Stat.) Pt. 1 (426, 428, and 429, Ch. 2)

ANNEX XI

Constitution of the Philippines as amended to May 1, 1946.

ARTICLE I. THE NATIONAL TERRITORY

"SECTION 1. The Philippines comprises all the territory ceded to the United States by the Treaty of Paris concluded between the United States and Spain on the tenth day of December, eighteen hundred and ninety-eight,¹⁷ the limits of which are set forth in Article III of said treaty, together with all the islands embraced in the treaty concluded at Washington, between the United States and Spain on the seventh day of November, nineteen hundred,¹⁸ and in the treaty concluded between the United States and Great Britain on the second day of January, nineteen hundred and thirty,¹⁹ and all territory over which the present Government of the Philippine Islands exercises jurisdiction."

WHEREAS the Ambassador of the United States of America to the Republic of the Philippines and the Vice-President and Concurrently Secretary of Foreign Affairs of the Republic of the Philippines have exchanged notes making certain clarifying amendments to said agreement, which notes are in words and figures as follows:

¹⁶ For correction, see exchange of notes, p. 30.

¹⁷ TS 343, *post*, p. 615.

¹⁸ TS 345, *post*, p. 623.

¹⁹ TS 856, *post*, vol. 12, UNITED KINGDOM.

EXCHANGE OF NOTES

The American Ambassador to the Secretary of Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
October 22, 1946

EXCELLENCY:

I have the honor to make the following statement of my Government's understanding of recent conversations held at Manila relative to the correction of certain typographical errors in the Agreement between the United States of America and the Republic of the Philippines concerning Trade and Related Matters during a Transitional Period following the Institution of Philippine Independence, signed at Manila on July 4, 1946, and in the Protocol and the Annexes to that Agreement, and relative to the making of certain clarifying amendments therein.

1. In Article II, Paragraph 3, second sentence, (a) the phrase "unrefined sugar specified in Item A" shall be changed to read "unrefined sugars specified in Item A", (b) the phrase "refined sugar specified in Item A-1" shall be changed to read "refined sugars specified in Item A-1", and (c) the phrase "shall be allotted annually by the Philippines" shall be changed to read "shall be allocated annually by the Philippines".

2. The column headings of the Schedule to Article II and Items A and A-1 of such Schedule shall be changed to read as follows:

<i>"Items</i>	<i>Classes of Articles</i>	<i>Amounts</i>
A	Sugars	952,000 short tons,
A-1	of which not to exceed may be refined sugars, meaning 'direct-consumption sugar' as defined in Section 101 of the Sugar Act of 1937 of the United States which is set forth in part as Annex I to this Agreement."	56,000 short tons

3. In Item B of the Schedule to Article II the phrase "including binding twines described" shall be changed to read "including binding twine described", and the word "Manila" shall be changed to read "manila".

4. In Item G of the Schedule to Article II the word "Buttoms" should be changed to read "Buttons".

5. In Article III, Paragraph 1 the word "and" shall be inserted after the semicolon at the end of indented Subparagraph (a).

6. Article III, Paragraph 2 shall be changed to read as follows:

"2. If the President of the United States finds that the allocation of any quota established pursuant to Paragraph 1 of this Article is necessary to make the application of the quota just and reasonable between the United States and the Philippines, the United States shall have the right to provide the basis

for the allocation of such quota, and, if the United States exercises such right, the Philippines will promptly put and keep in effect, on the basis provided by the United States, the allocation of such quota."

7. In the last sentence of Article IV, Paragraph 2 the word "Sections" shall be changed to read "Section".

8. In Article IV, Paragraph 5 the word "Manila" shall be changed to read "manila".

9. In Article V the phrase "into the United States dollars" shall be changed to read "into United States dollars".

10. In clause (b) of the first sentence of Article VIII, Paragraph 1 the phrase "and continue in effect" shall be changed to read "and continue in effect".

11. At the end of Article X, Paragraph 2 the phrase "six months' notice." shall be changed to read "six months' written notice."

12. In clause (5) of Subparagraph (d) of Paragraph 1 of the Protocol the phrase "weight or which consists of" shall be changed to read "weight of which consists of".

13. In Annex II the word "Manila" shall be changed to read "manila".

14. In the last sentence of Annex IV, Section 2300 delete the comma after the word "milk".

15. In Annex V, Section 2320, Subsection (b) the phrase "used for the purpose with the effect of" shall be changed to read "used for the purpose or with the effect of".

16. At the end of Annex VII the date "May 30, 1946." shall be changed to read "June 30, 1946."

17. In Annex X, Section 3507, Subsection (b) the phrase "sugar beets or sugar cane" shall be changed to "sugar beets or sugarcane".

Since this note includes the matters covered by the notes exchanged on July 5, 1946 and July 16, 1946 relative to the correction of two typographical errors in said Agreement of July 4, 1946, the present exchange of notes shall supersede such earlier exchange of notes.

If the above provisions are acceptable to the Government of the Republic of the Philippines this note and the reply signifying assent thereto shall, if agreeable to that Government, be regarded as amending the said Agreement of July 4, 1946, and the Protocol and Annexes thereto, and as constituting an integral part thereof.

Accept, Excellency, the assurances of my most distinguished consideration.

PAUL V. McNUTT

His Excellency

ELPIDIO QUIRINO

*Secretary for Foreign Affairs of the
Republic of the Philippines*

*The Secretary of Foreign Affairs to the American Ambassador*REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FOREIGN AFFAIRSMANILA, *October 22, 1946*

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date recording your Government's understanding of recent conversations held at Manila relative to the correction of certain typographical errors in the Agreement between the United States of America and the Republic of the Philippines concerning trade and related matters during a transitional period following the institution of Philippine Independence, signed at Manila on July 4, 1946, and in the Protocol and the Annexes to that Agreement, and relative to the making of certain clarifying amendments therein.

I have the honor to confirm your Excellency's statement with regard to this matter and to state that my Government is agreeable that your note and this reply signifying assent thereto shall be regarded as amending the said Agreement of July 4, 1946, and the Protocol and the Annexes thereto, and as constituting an integral part thereof.

Accept, Excellency, the assurances of my most distinguished consideration.

ELPIDIO QUIRINO

*Vice-President and concurrently
Secretary of Foreign Affairs*

His Excellency

PAUL V. McNUTT

*American Ambassador to the Philippines
Manila*